

**DATE:** March 26, 2015

**TO:** Jerry Jung, Chairman  
State Transportation Commission

**FROM:** Kirk T. Steudle  
Director

**SUBJECT:** Waiver of Commission Approval

The project and description documented in Exhibit A-2, attached, was let by the Michigan Department of Transportation on March 6, 2015. This project required pre-approval as the engineer's estimate was over \$500,000, however the low bid received was more than 10% over the engineer's estimate and therefore requires approval by the State Transportation Commission. The approximate five week delay resulting if Commission approval were deferred to the next waiver (near April 30, 2015), would delay the transmittal of the contract documents to the low bidder, and jeopardize the construction schedule. This project has a complex expedited constructability schedule with seven phases, allowing traffic to be maintained. This schedule was developed through the city and numerous public meetings. There is a school bus garage located within the project limits, and the August 8<sup>th</sup> completion date will allow time for the drivers to practice using the new roundabout prior to the school year commencing.

Thus, a waiver of the required Commission approval is requested, as provided in Commission Resolution 79-3, as amended, footnote F:

"If, in the opinion of the Director, the public interest requires that a certain contract be awarded or an agreement be executed prior to approval by the Commission, hereunder, the Director shall seek a waiver of the required approval from the Chairman of the Transportation Commission. If the request of the approval is verbal, the waiver shall be confirmed, in writing, within fourteen (14) days."

If the waiver is granted, the Department will proceed to execute the item noted above.

*Signed Original on File*

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Director

The request for waiver of Commission approval of the above mentioned item is approved.

*Signed Original on File*

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Jerrold M. Jung, Chairman

*signed March 27, 2015*

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Date

**DATE:** March 27, 2015

**TO:** State Transportation Commission

**FROM:** Jack Cotter, CPA, CGMA  
Commission Auditor  
Office of Commission Audits

**SUBJECT:** Justification Memorandums

Attached for your information is the department's justification memorandum for the Exhibit A-2 item where the low bid exceeded the engineer's estimate by more than ten percent.

*Signed Original on File*

Jack Cotter, CPA, CGMA  
Commission Auditor

Attachment

**DATE:** March 19, 2015

**TO:** Myron G. Frierson, Director  
Bureau of Finance and Administration

**FROM:** Mark A. Van Port Fleet, Director  
Bureau of Highway Development

**SUBJECT:** Justification Memo for Bid Acceptance in Excess of 10 Percent of Engineer's Estimate

Letting Date: March 6, 2015

Project Description: 2.43 mi of mix asphalt cold milling and resurfacing, detail 8 joint repairs and construct roundabouts on M-11 from west of Hayes Street east to Wilson Avenue and M-11 at Remembrance Road and Wilson Avenue in the city of Walker, Ottawa and Kent Counties. This project includes a 5 year materials and workmanship pavement warranty.

Project Number: 41061-112069

Item Number: 1503 080

Low Bidder: Michigan Paving and Materials Company

Eng. Est: \$4,723,730.16 Low Bid: \$5,464,997.99 Difference: \$741,267.83 Percent: 15.69

The following shows the engineer's estimate and the proposed bids received for this project:

Engineer's Estimate	\$4,723,730.16
Michigan Paving and Materials Company	\$5,464,997.99
Rieth-Riley Construction Co., Inc.	\$6,040,735.13

### **EXPLANATION FOR DIFFERENCES**

The low bidder had unit prices that varied from the normal range. The main items found to be higher than the engineer's estimate were hot mix asphalt, decorative concrete pavement and sidewalk, open-graded drainage course, and compact in place subbase. These items were bid higher than normal because of the expedited construction schedule, multiple stage construction, and maintaining traffic restrictions. This project must start as soon as possible and must be completed on or before August 8, 2015. There are seven separate stages of construction required on this project in order to effectively maintain traffic. This will require the contractor to mobilize the necessary equipment and materials and set-up and maintain traffic control items multiple times throughout the various stages of work. Maintaining traffic restrictions for stage one resurfacing work between I-96, and Wilson Avenue/Remembrance Road intersection shall be completed over the course of two weeks. Stages two and three resurfacing

work shall be completed over the course of one week or liquidated damages will be assessed. All stage changes are required to occur at night between the hours of 10:00 p.m. to 5:00 a.m. Furthermore, all work requiring a traffic regulator shall occur at night between the hours of 10:00 p.m. to 5:00 a.m. and no more than one traffic regulator operation will be permitted on the project at any given time. These restrictions will limit the contractor's productivity and increase prices. The estimator considered these factors when estimating this project, but was unable to precisely predict the unit prices. The estimator considered these factors when estimating this project, but was unable to precisely predict the unit prices.

### **OVERALL CONCLUSION**

As indicated in the above analysis, the low bid is over the engineer's estimate because of the expedited construction schedule, multiple stage construction, and maintaining traffic restrictions. This project received two bids of \$5,464,997.99 and \$6,040,735.13 which varied by 10.53 percent. We believe that rejecting these bids and re-letting this project will not result in lower bids and the low bid should be considered reasonable based on the factors discussed.

The Bureau of Highway Development and the Grand Rapids TSC request that this project be awarded to the low bidder based on the above conclusion.

[Signature on File]

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Director, Bureau of Highway Development

BOHD:DD:QA:MAS:st

cc:	K. Steudle	B. Wieferich	K. Curtis	H. Stinson	MDOT-eProposal
	L. Strzalka	J. Mullins	G. Johnson	K. Farlin	M. Fedewa
	J. Cotter	G. Frens	D. Parker	B. Rottiers	M. Shulick
	S. Rozema	T. Tellier	V. Weerstra	R. Safford	B. O'Brien

REQUEST FOR MICHIGAN STATE  
TRANSPORTATION COMMISSION APPROVAL  
LETTING EXCEPTIONS AGENDA

March 26, 2015

The following projects have been pre-approved, and are being returned for re-approval after meeting the exception criteria by the State Transportation Commission.

**STATE PROJECT**

- |    |                                 |                                    |
|----|---------------------------------|------------------------------------|
| 1. | Letting Of March 6, 2015        | Low Bid: <b>\$5,464,997.99</b>     |
|    | Letting Call: 1503 080          | Engineers Estimate: \$4,723,730.16 |
|    | Project: NH 41061-112069, ETC   | Pct Over/Under Estimate: 15.69 %   |
|    | Local Agreement: 15-5035        |                                    |
|    | Start Date: 10 days after award |                                    |
|    | Completion Date: August 8, 2017 |                                    |

2.43 mi of mix asphalt cold milling and resurfacing, detail 8 joint repairs and construct roundabouts on M-11 from west of Hayes Street east to Wilson Avenue and M-11 at Remembrance Road and Wilson Avenue in the city of Walker, Ottawa and Kent Counties. This project includes a 5 year materials and workmanship pavement warranty.

5.00 % DBE participation required

Bidder	As-Submitted	As-Checked	
<b>Michigan Paving and Materials Company</b>	<b>\$5,464,997.99</b>	<b>Same</b>	<b>1 **</b>
Rieth-Riley Construction Co., Inc.	\$6,040,735.13	Same	2

Total Number of Bidders: 2

On receipt of your approval, projects will, at the Director's discretion, be processed and awarded to the low bidder. I approve the projects described in this agenda and authorize the award by the responsible management staff of MDOT to the extent authorized by and in accordance with the December 14, 1983, resolution of the State Transportation Commission and the Director's delegation memorandum of June 17, 2014.

Respectfully submitted,

*Authorized Signature on File*  
3.26.15

Kirk T. Steudle  
Director